

PROVINCE OF SASKATCHEWAN



**07-08**

ANNUAL REPORT

**SASKATCHEWAN WATERSHED  
AUTHORITY RETIREMENT  
ALLOWANCE PLAN**



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## Letter of Transmittal



His Honour, The Honourable Dr. Gordon L. Barnhart  
Lieutenant Governor of the Province of Saskatchewan  
Government House  
4607 Dewdney Avenue  
Regina, Saskatchewan  
S4P 3V7

Dear Sir:

### Letter of Transmittal

I have the honour to transmit herewith the Annual Report of the Saskatchewan Watershed Authority Retirement Allowance Plan for the year ending March 31, 2008.

I have the honour to be, Sir,

Your obedient servant,

A handwritten signature in black ink, appearing to read 'Rod Gantefer'.

Rod Gantefer  
Minister of Finance

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## Letter of Transmittal

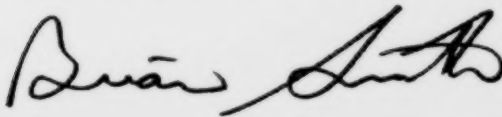
The Honourable Rod Gantefer  
Minister of Finance  
Regina, Saskatchewan

Sir:

### Letter of Transmittal

On behalf of the Public Employees Benefits Agency, I have the honour to transmit herewith the Annual Report of the Saskatchewan Watershed Authority Retirement Allowance Plan for the year ending March 31, 2008.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Brian Smith". The signature is fluid and cursive, with the first name "Brian" and last name "Smith" clearly distinguishable.

Brian Smith  
Assistant Deputy Minister  
Public Employees Benefits Agency

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## **Saskatchewan Watershed Authority Retirement Allowance Plan**

### **Introduction**

The Saskatchewan Watershed Authority (the Authority) established the Saskatchewan Watershed Authority Retirement Allowance Plan (the Plan) for the purpose of providing certain retirement benefits to out-of-scope employees of the Authority.

The Plan is not registered as a pension plan under the *Income Tax Act (Canada)*. The Authority has not established a trust nor does it hold property for the specific purpose of providing benefits to the participants. Benefits are funded out of current operations of the Authority.

On November 16, 2004, an Order-in-Council designated the Plan as a benefit program to be operated, administered and managed by the Public Employees Benefits Agency (PEBA).

### **Enrollment**

The Plan includes all out-of-scope employees of the Authority. As at March 31, 2008, there were 56 active members in the Plan.

### **Benefits**

Members of the Plan retiring from the Authority, in accordance with the provision of the pension plan they are enrolled in, are paid a retirement allowance of two (2) days pay for each year of service or portion thereof to a maximum of forty (40) days pay effective January 1, 2006. The retirement allowance is calculated at the employee's regular rate of pay at the date of retirement.

## Management's Report

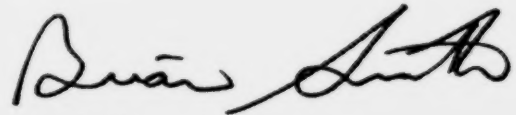
To the Members of the Legislative Assembly of Saskatchewan

As administrators of the Saskatchewan Watershed Authority Retirement Allowance Plan, we are responsible for the preparation and presentation of the following financial statements in accordance with Canadian generally accepted accounting principles applied on a basis consistent with that of the preceding year.


The significant accounting policies adopted in the preparation of the financial statements are fully and fairly disclosed in the financial statements.

We believe the Saskatchewan Watershed Authority Retirement Allowance Plan has a system of internal control adequate to provide reasonable assurance that the accounts are faithfully and properly kept to permit the preparation of accurate financial statements in accordance with Canadian generally accepted accounting principles.

We enclose the financial statements of the Saskatchewan Watershed Authority Retirement Allowance Plan for the year ended March 31, 2008 and the Provincial Auditor's report on these financial statements.



Brian Smith  
Assistant Deputy Minister  
Public Employees Benefits Agency



Kathy Deck  
Director, Financial Services  
Public Employees Benefits Agency

Regina, Saskatchewan  
May 6, 2008





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**Saskatchewan Watershed Authority  
Retirement Allowance Plan**

**Financial Statements**

**Year Ended March 31, 2008**

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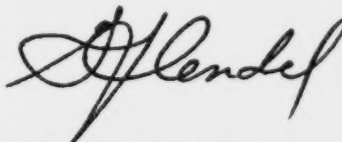
## Auditor's Report

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of net assets available for benefits, accrued benefits obligation and surplus of the Saskatchewan Watershed Authority Retirement Allowance Plan as at March 31, 2008 and the statements of changes in net assets available for benefits and changes in accrued benefits obligation for the year then ended. The Plan's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits, accrued benefits obligation and surplus of the Plan as at March 31, 2008 and the changes in net assets available for benefits and changes in accrued benefits obligation for the year then ended in accordance with Canadian generally accepted accounting principles.



Fred Wendel, CMA, CA  
Provincial Auditor

Regina, Saskatchewan  
May 6, 2008

**Saskatchewan Watershed Authority  
Retirement Allowance Plan  
Statement of Net Assets Available for Benefits, Accrued  
Benefits Obligation and Surplus**

**Statement 1**

**As At March 31**

	<u>2008</u>	<u>2007</u>
<b>Net assets available for benefits</b>		
Saskatchewan Watershed Authority contribution receivable (Note 3)	<u>\$369,000</u>	<u>\$326,500</u>
	<u>\$369,000</u>	<u>\$326,500</u>
 <b>Accrued benefits obligation (Note 3)</b>	 <u>\$369,000</u>	 <u>\$326,500</u>
 <b>Surplus</b>	 <u>\$ -</u>	 <u>\$ -</u>

(See accompanying notes to the financial statements)

**Saskatchewan Watershed Authority  
Retirement Allowance Plan  
Statement of Changes in Net Assets Available for Benefits**

**Statement 2**

**Year Ended March 31**

	<u>2008</u>	<u>2007</u>
<b>Increase in Assets</b>		
Saskatchewan Watershed Authority contribution receivable (Note 3)	\$ 57,400	\$ 36,800
Total increase in assets	<u>57,400</u>	<u>36,800</u>
<b>Decrease in Assets</b>		
Benefits paid	<u>14,900</u>	<u>-</u>
Total decrease in assets	<u>14,900</u>	<u>-</u>
Increase in net assets	<u>42,500</u>	<u>36,800</u>
NET ASSETS AVAILABLE FOR BENEFITS, beginning of the year	<u>326,500</u>	<u>289,700</u>
NET ASSETS AVAILABLE FOR BENEFITS, end of year	<u>\$369,000</u>	<u>\$326,500</u>

(See accompanying notes to the financial statements)

**Saskatchewan Watershed Authority  
Retirement Allowance Plan  
Statement of Changes in Accrued Benefits Obligation**

**Statement 3**

**Year Ended March 31**

	<u><b>2008</b></u>	<u><b>2007</b></u>
Accrued benefits obligation, beginning of year	\$326,500	\$289,700
Increase in accrued benefits obligation		
Benefits accrued	16,600	15,800
Interest on accrued benefits	15,100	14,500
Plan experience	48,200	-
Change in assumptions	-	9,800
	<u>79,900</u>	<u>40,100</u>
Decrease in accrued benefits obligation		
Benefits paid	14,900	-
Change in assumptions	22,500	-
Plan experience	-	3,300
	<u>37,400</u>	<u>3,300</u>
Accrued benefits obligation, end of year	<u>\$369,000</u>	<u>\$326,500</u>

(See accompanying notes to the financial statements)

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# **Saskatchewan Watershed Authority**

## **Retirement Allowance Plan**

### **Notes to the Financial Statements**

**March 31, 2008**

#### **1. Description of the Plan**

The Saskatchewan Watershed Authority (the Authority) established the Saskatchewan Watershed Authority Retirement Allowance Plan (the Plan) for the purpose of providing certain retirement benefits to out-of-scope employees of the Authority.

The Plan is not registered as a pension plan under the *Income Tax Act* (Canada). The Authority has not established a trust nor does it hold property for the specific purpose of providing benefits to the participants. Benefits are funded out of current operations of the Authority.

On November 16, 2004, an Order-in-Council designated the Plan as a benefit program to be operated, administered and managed by the Public Employees Benefits Agency (PEBA). An agreement has been established between PEBA and the Authority, which specifies the administrative services that the Authority will provide.

The following description is a summary only. For more complete information, reference should be made to the Plan document.

#### **Eligibility**

The Plan includes all out-of-scope employees of the Authority. As at March 31, 2008, there were 56 (2007 – 51) active members in the Plan.

#### **Benefits**

Members of the Plan retiring from the Authority, in accordance with the provisions of the pension plan they are enrolled in, are paid a retirement allowance of two (2) days pay for each year of service or portion thereof to a maximum of forty (40) days pay effective January 1, 2006. The retirement allowance is calculated at the employee's regular rate of pay at the date of retirement.

#### **2. Significant Accounting Policies**

These financial statements were prepared in accordance with Canadian generally accepted accounting principles.

#### **Recent Accounting Pronouncements**

Effective April 1, 2008, the Plan will be required to adopt the Canadian Institute of Chartered Accountants (CICA) handbook sections 3862 – Financial Instruments – Disclosures and 3863 – Financial Instruments – Presentation. Section 3862 provides standards for disclosure of the risks arising from financial instruments to which the Plan is exposed, and how the risks are managed by the Plan. Section 3863 provides standards for the presentation of financial instruments and non-financial instrument derivatives. The Plan does not expect the adoption of these new standards to have a material impact on its financial statements.

### 3. Accrued Benefits Obligation

The accrued benefits obligation of the Plan is receivable from the Authority and will be funded by the Authority as eligible employees retire. The present value of the accrued benefits obligation was determined using the projected benefits method prorated on service and the best estimate assumptions of the Authority's management. Plan experience is the difference between the expected and actual accrued benefit obligations and is recognized as an increase or decrease in the statement of changes in accrued benefits obligation. AON Consulting Inc. performed an actuarial valuation as at March 31, 2008 and March 31, 2007 to determine the actuarial present value of the accrued benefits obligation.

The accrued benefits obligation is based on many assumptions about future events. Actual experience may vary significantly from the long-term assumptions used. The actuarial valuation is based on the following assumptions:

	2008	2007
Discount rate	5.50%	4.50%
Inflation rate	2.75%	2.75%
Salary increase	3.00%	3.00%
Termination rate up to age 50	5.00%	5.00%

Retirement - members of the Capital Pension Plan – at age 60  
- members of the Public Service Superannuation Plan – at the earlier of age 60 (20 years of service), age 65 (5 years of service) or 35 years of service

The following illustrates the effect of changes in these assumptions on the accrued benefits obligation:

Assumption	Change Made	Change in Obligation at March 31, 2008	Percentage Change in Obligation
Annual termination rate	Plus 0.5%	(1,500)	(0.4%)
	Minus 0.5%	1,600	0.4%
Discount rate	Plus 0.5%	(10,400)	(2.8%)
	Minus 0.5%	11,000	3.0%
General salary increase	Plus 0.5%	11,200	3.0%
	Minus 0.5%	(10,700)	(2.9%)

The actuarial present value of the accrued benefits obligation is long-term in nature and there is no market for settling this obligation. Therefore, determination of the fair value is not practicable.

### 4. Related Parties

Included in these financial statements are transactions with the Authority who is related to the Plan by virtue of common control by the Government of Saskatchewan.

The Plan has received the use of office space and administrative services from the Authority at no charge. Additionally, PEBA provides administrative services to the Plan for an administration fee which is paid by the Authority.







